

HOUSE BILL REPORT

SSJR 8208

As Passed House - Amended:

April 12, 1999

Brief Description: Authorizing investments as specified by the legislature.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Loveland, West and Snyder).

Brief History:

Committee Activity:

Appropriations: 3/29/99, 4/5/99 [DPA].

Floor Activity:

Passed House - Amended: 4/12/99, 90-3.

**Brief Summary of Substitute Bill
(As Amended by House Committee)**

- Amends the state constitution to permit investment of the Emergency Reserve Fund and the Health Care Trust Fund as authorized by the Legislature.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended. Signed by 31 members: Representatives Huff, Republican Co-Chair; H. Sommers, Democratic Co-Chair; Alexander, Republican Vice Chair; Doumit, Democratic Vice Chair; D. Schmidt, Republican Vice Chair; Barlean; Benson; Boldt; Carlson; Clements; Cody; Crouse; Gombosky; Grant; Kagi; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McIntire; McMorris; Mulliken; Parlette; Regala; Rockefeller; Ruderman; Sullivan and Tokuda.

Minority Report: Do not pass. Signed by 1 member: Representative Wensman.

Staff: Kristen Reiber (786-7148).

Background:

Article XII, Section 9, of the state constitution prohibits the state from being "interested in the stock of any company, association, or corporation." This provision

has prevented the investment of state moneys in corporate stock. State investments are limited to fixed-income securities such as government and corporate bonds and certificates of deposits.

State constitutional amendments were adopted in 1965, 1968, and 1985 to permit the Legislature to authorize stock investments by the Permanent Common School Fund, public employee retirement funds, and worker compensation funds.

Pending legislation establishes accounts in which to deposit moneys received by the state under the settlement with the major tobacco companies; creation of a Health Care Trust Fund has been proposed.

Summary of Amended Bill:

The state constitution is amended to allow the Emergency Reserve Fund and the Health Care Trust Fund to be invested in such investments as the Legislature may authorize by law.

Appropriation: None.

Fiscal Note: Not requested.

Testimony For: It is prudent to have more flexibility in investing the Emergency Reserve Fund. The better the earnings of the fund, the sooner the level is high enough to pour over into the Education Construction Fund.

Testimony Against: None.

Testified: Senator Loveland, prime sponsor.